

*Free Translation*

**MINUTES**

**of the General Meeting of Shareholders of SBM Offshore N.V. (“SBM” or the “Company”),  
held on 2 April 2013 at 2.30pm at the Hilton Hotel in Rotterdam**

A total of 105,405,094 ordinary shares were represented at the meeting. Out of a total of 189,212,333 issued ordinary shares, this represented 55.71% of the total issued share capital.

**1. Opening**

**The Chairman** opened the meeting and welcomed all those present. The Chairman noted that supervisory directors Mr Van Gelder and Mr Ehret were unable to attend due to illness and family circumstances, respectively. Present were the members of the Management Board, the other members of the Board of Management, the members of the Supervisory Board and the secretary of the Company, Mr Verwilghen, who also acted as the secretary of the meeting. Professor Van Olffen, a civil-law notary with the firm De Brauw Blackstone Westbroek, took the minutes. The meeting was recorded on an audiotape for the purposes of minute-taking. There was simultaneous translation from and into English. In accordance with the resolution of the General Meeting of Shareholders the Company adopted English as the sole official language for external communications. The entire annual report was published in English on the Company’s website. Paper versions of the annual reports were available. The majority of the meeting would be conducted in Dutch. Mr Chabas, the Company’s CEO, would give his presentation in English. Just as last year votes would be cast by means of electronic voting pads and the operation of these pads would be explained before the voting took place.

The Chairman announced that on 19 February 2013 the invitation and the agenda with annexes for the meeting had been published on Securities Info and on the Company’s website. Publication of the agenda was announced in the press release of 14 February 2013. Further explanatory notes on point 8 of the agenda were published in a shareholders’ circular dated 12 March 2013. The agenda with annexes, including the annual report with financial statements for 2012, were available for inspection and could be obtained at no cost from the Company’s office and the office of ABN AMRO

in Amsterdam and were sent to shareholders who so requested at no cost. These documents were also available via the Company's website.

The Chairman told the meeting that the Company had not received a request to place additional items on the agenda from shareholders with an interest of more than 1% of the ordinary shares or from shareholders representing a value of at least EUR 50,000,000 in ordinary shares. The Chairman told the meeting that the registration date for the meeting was 5 March 2013. Shareholders could register for the meeting until 26 March 2013. In accordance with the Corporate Governance Code (the "**Code**") a draft version of the minutes of the previous Annual General Meeting of Shareholders ("**AGM**") was placed on the Company's website within three months of the AGM and participants were invited to send in comments within a period of three months. No remarks had been received. The confirmed minutes of the AGM were placed on the website. A copy was sent to the shareholders who so requested and copies were also available in the reception area. The same procedure was followed for the extraordinary general meeting of shareholders of 27 June 2012.

The Chairman observed that all the statutory provisions and the provisions under the articles of association for holding this AGM had been complied with. He announced that on the registration date the total issued capital of the Company amounted EUR 47,285,553.75, divided into 189,142,215 ordinary shares giving entitlement to cast an equivalent number of votes.

At the General Meeting of Shareholders in 2012 the Chairman stated that 2011 had been an "annus horribilis" for SBM. Although the same could to a large extent be said of 2012, the efforts of the management and the determination to find a solution for the legacy projects were rewarded by the successful refinancing of the Company and the final settlement that was reached in March 2013 with the client of the Yme-platform. On 20 December 2012 it was announced that the book value of Yme MOPUstor would be depreciated in full. A provision of USD 200 Million was also set aside for settlement costs. At the same time the Management Board was able to announce that it had placed 17,111,757 new shares with HAL Investments for around USD 193 Million. The Supervisory Board is pleased to welcome HAL as a long-term shareholder. On 12 March 2013 the Management Board was able to announce that it had reached a final settlement with the client of the Yme MOPUstor in Norway against payment of USD 470 Million in final settlement. The financial markets reacted positively to this settlement. The settlement was an essential prerequisite for a rights issue of another 10% of new shares, fully underwritten by HAL. The Chairman announced that the granting of

the requisite authorisation to the Management Board to issue these shares with the Supervisory Board's approval had been placed on the agenda for this General Meeting of Shareholders as item 8. The Management Board would discuss this important development in detail in its report under item 2 of the agenda.

The Chairman asked the meeting to limit the number of questions per intervention and for those persons who wished to ask question to make this clear and, for the reporting procedure, to clearly state name and place of residence and, if necessary, the organisation the speaker was representing and he asked all those present to switch off their mobile phones.

## **2. Report of the Management Board for the financial year 2012 (*information*)**

**Mr Chabas** told the meeting that although 2012 had been a difficult year many things had happened. The company strategy was amended and the sole focus is now on the FPSO market. The three legacy projects (Yme, Deep Panuke and a compliance enquiry) overshadowed the year 2012, but the performance in 2012 was good: increase in revenue by 17%, 14 FPSOs in production with a 99% uptime, and a combined production of oil and gas that amounts to more than 1% of global production. 2012 was a year of significant transformation, in particular as regards finances: equity was strengthened, there were new loans with a value of USD 1.7 Billion , and the organisation was reformed as well. 44% of the management's top tier changed, 57% of which entailed internal function changes and the remainder entailed the recruitment of people from outside.

### **2012 Review**

Revenues increased by 17% (just short of USD 3.7 Billion). The normalised operating result before interest and tax increased by 6.9% to about USD 550 Million . Overall, contracts amounted to USD 1.3 Billion in 2012, compared to USD 8.5 Billion in 2011. This is due to the fact that far fewer projects than expected were awarded by clients. The net effect is that the contract portfolio has decreased from USD 16.9 Billion to USD 14.5 Billion. Depreciation costs for the Yme project and other extraordinary items amounted to USD 857 Million in 2011 and USD 627 Million in 2012. The normalised gross margin increased from USD 696 Million in 2011 to USD 750 Million in 2012.

A press release was issued on 26 March on account of the award of two FPSOs, Alpha and Beta for Petrobras, a contract worth billions. They must be completed by 2015 and 2016. A better balance has

to be found between risk and reward in this industry. We have spoken with several clients and this project is an example of things that have been achieved.

There were many surprises in the FPSO market in 2012. Of the twenty expected projects none was awarded to SBM for a number of reasons. Two projects were cancelled, but most projects suffered delays. The projects are becoming larger or more complicated in terms of financing or it is taking longer to obtain them. Seven projects were important to SBM; six were delayed whilst only one was actually awarded to a competitor.

The results in 2012; financial results but safety too. A great deal of care was paid to safety. A year of transformation is never really good for stability and the focus on safety. Thanks to the endeavours made, the results in the area of safety continue to improve every year. Last year frequency improved (i.e. reduced) by 25%. The ISO 14001 certificate was maintained for the fleet and now includes the OHSAS certificate for health and safety as well. A good example of the increased attention on safety is the Cidade de Ilhabela project in China. For the first time we decided to convert an FPSO in China. Over 1,000 people work there. In 2012 there was no absence from work due to work restrictions or medical treatments due to accidents. Great work was done on this construction yard. The order book read as follows. Five FPSOs were under construction, four that we will operate, one that will be delivered as a turnkey project and three large turrets. By the end of the year the Cidade de Anchieta was delivered on schedule and within the budget, something that our client, Petrobras, was very pleased with. Good progress was made on three large and complex turrets for the Prelude FLNG, Quad 204 and Ichtys projects. These projects constitute the main part of the Turnkey segment. Delivery of sections of the turrets will start in 2013 according to schedule and be completed in 2014 with the delivery of the superstructure for the Ichtys turret. In 2013 the Cidade de Paraty will be delivered along with the Deep Panuke Project. That is the last legacy project in the portfolio. Engineering and procurement activities for the FPSO OSX2 were successfully completed in 2012 and the construction activities are being carried out on schedule for completion in 2013. Once the Deep Panuke platform has been delivered, the SBM portfolio will consist entirely of core FPSO business projects.

The fleet achieved 99% uptime for 17 operational FPSOs, 440 offloadings and a peak production of one million barrels a day. This is what SBM excels in and where we would like to strengthen our market leader position and continue to reinforce it.

### **Yme project**

The principal legacy project was the Yme project. We communicated about this in the press releases in March. The existing contracts and arbitration proceedings with our client, Talisman, were terminated on condition of payment of a termination fee of USD 470 million of which USD 200 million has already been recorded in the second half of 2012, whilst USD 270 million will be recorded in the first half of 2013. These amounts are in addition to the depreciation of the entire book value of USD 398 Million in December 2012. As a result our equity had to be strengthened. This was done by the private placement of shares in December 2012. As a result of the transaction with Talisman the price that HAL paid for the private placement was adjusted meaning that we received an additional amount of around USD 27 Million from HAL and we will do a rights issue for 10% of the capital, which is subject to the approval of this meeting. The expected proceeds from this rights issue are approximately USD 244 Million. The most important conclusion is that with this new equity we comply with all covenants of the bank loans.

### **Compliance**

In April 2012 the company announced the start of an internal investigation into possibly improper sales practices. This investigation is being carried out by external advisors and forensic accountants under the leadership of the Chief Governance and Compliance Officer. On Thursday last week a press release was issued about the ongoing investigation. We expect to complete this investigation in 2013 and at present we cannot give more information about this or an estimate of the possible financial effects of it.

### **Market**

The market for FPSOs is driven by the demand for oil and that is increasing by one to two per cent per annum. The production from existing fields is, however, gradually decreasing. Every year existing production has to be replaced, approximately 8 to 10% in gross terms. Over a period of around six to eight years this means that existing production must in fact be doubled. These days around 30% of worldwide oil production is offshore. New fields that are being discovered are usually offshore. Discoveries during onshore activities are limited. The main new discoveries are being made at 2,000 metres below the surface of the water. This means that new fields to be developed are increasingly in more distant places that lack infrastructure and where systems have to be put in place, and solutions have to be found to enable development of those fields. SBM's FPSOs are suited to do this.

SBM is well-positioned in the development of such solutions and within 15 years we expect that approximately 50% of new worldwide oil production will indeed be offshore, usually in very deep water. The number of units will grow by 5 to 7 % every year. That is the market on which we as a company will focus. We have identified 57 projects in that market over the next three years that are expected to be awarded in South-America, predominantly in Brazil, and Africa, predominantly in West-Africa, the two leading upcoming markets. There is a new market for FPSOs in the Gulf of Mexico. That is a new area for contracts. Because they are carrying out work further away from the coast in deeper water, we can play a new role in that area. We see opportunities in the North Sea and Asia too. We believe that of the 57 projects in the market about 20 may be of interest to SBM, of which we hope to gain our share. In particular, we are keen to win projects that will allow the strengths and know-how of SBM, our engineering position, to deliver the very best product to our clients and to generate the best possible revenues by doing so.

### **Strategy**

Our strategy has not really changed since last year; the FPSOs and the associated products and services. This is where our leadership and our lead must be extended. We are doing well at operating such an FPSO, extending its life, giving feedback to engineering and construction and maintenance. We are able to put in far more competence in that area to offer better services to our clients and better added value to our shareholders.

### **Expectations**

2013 is a year of transformation, a transitional year, in which we like to build on what we started in 2012, build on the fact that we wish to work as a single coherent unit, to focus on our performance and to really focus on our core market. There are a few areas requiring special attention in the next year. First of all, close-out of our legacy projects. Secondly, a selective bidding policy. By discussing and negotiating with our clients we are looking to find a better balance between risk and return for our activities. We must also maintain our technological lead by bringing new technologies to the market after one or two years of investment in development. Finally, we must restore our pride, our pride in SBM. Much work has been done and great commitment has been shown by the people within the organisation. We have to translate this into the pride that we justifiably feel in our organisation for shareholders, for clients, for employees, for everyone. We must at the same time acknowledge that we operate in a market that can be volatile. Last year we spent a lot of time discussing the fact that the risks and revenues in this market are out of synch. We made this very

clear. The only project that was relevant to our target market last year was the project for Petrobras. We came second in this bid and a rival company was awarded that project at a reduced price and by accepting higher risks. We continue to invest in research and development and to develop our know-how. Despite it being a difficult year, we invested approximately USD 35 Million to 40 Million in FPSO technology, in process installations and mooring systems. Our objective is new products that will further cement our position in this market over the next two to three years, in the segments in which we excel.

The transformation of our organisation: a new management structure with more administration and financial responsibility and with a strengthened top team that will manage a change in culture and conduct. Our focus this year will be on performance. In 2013 we would like: to deliver Deep Panuke, Cidade de Paraty and OSX2. This means that sales will be approximately USD 4 Billion. That is around 8% more than in 2012. We are on schedule to strengthen our balance sheet: no dividend for 2012 and 2013 and disinvestment of non-core activities, including the real estate in Monaco. That is not our core activity. Notwithstanding the challenges that we face there in the medium term, the prospects in the longer term continue to be good, driven by a sustained demand for FPSOs and the related products and services that are needed to meet the demands of the growing complexity, scale, costs and risks of extraction at great depth in the longer term. We have submitted bids for approximately seven projects that were in our target segment and two of these have been awarded to SBM. We were in the lead for a third one, but Shell cancelled that project at the last minute. Thus there are four bidding procedures pending, but there are many more in the pipeline and we are hoping to make the most of the benefits this market offers us.

**Mr Broenink** complimented the Company on its clear annual report. He wondered (first question) whether SBM is an engineering firm with a leasing department or a leasing company with a rather extensive technical department. He moreover wondered (second question) which specific risks SBM runs as a leasing company and what would happen, for example, if SBM had to reclaim one of its vessels in the event of a conflict and whether it would be dependent on Angolan law in that case. Mr Broenink asked (third question) what would happen if the emergence of shale gas were to cause a structural drop in demand. He noted that the annual report unfortunately contained too little information to gain proper insight into this. He requested that next year's annual report draw more attention to this.

**Mr Chabas** answered in reply to the first question that these days leasing projects contributed most to SBM's value. This is one of SBM's core values. That value could not be attained without SBM's project management and engineering expertise in FPSOs. It is therefore very important that SBM is active at all stages of an FPSO. Regarding the risks relating to leasing (second question), Mr Chabas noted that SBM is protected by provisions and contractual clauses. Such a contract does not come under Angolan law. Mr Chabas noted (third question) that what matters in the end is the balance between risks and the price within the industry segment in which SBM operates. The FPSO market is not just a commodity product. The Cidade de Anchieta that SBM delivered to Petrobras, for example, was an FPSO which produced for Petrobras in another field. Petrobras wanted to continue leasing the same FPSO and moving it. SBM had to adapt the FPSO to the specifications of that other field and to its extended life. It is important to deal carefully with an FPSO's residual value and to properly maintain the FPSO during the entire contract cycle.

**Mr Keyner** (*VEB*) asked what the impact of the shale gas revolution might be on future SBM projects.

**The Chairman** answered that the Company is no better placed than the oil companies to make predictions about shale gas developments. If SBM were a gas company this question would be of vital importance, but because the business is based more on oil production, the development of shale gas does not pose a threat to SBM. If, on the other hand, one looks at investments that a company such as Shell is making in LNG, it appears that the LNG market too is an offshore market of the future. The answer as to whether the development of shale gas production must be classified as a special high risk is therefore more likely to be no than yes, even though it does certainly pose a risk.

**Mr Keyner** noted that what had been happening in the US over the past two years too had not been expected by the people from Shell either. He said it would be useful within the context of scenario planning and looking beyond the next five years for SBM to consider what would happen if the oil price is dragged down by the very low gas prices towards USD 50 and stays at that level for a prolonged period of time. Mr Keyner asked (first question) to what extent the board could assure the shareholders that other than the Yme project there would be no more "problems" left within the group. Mr Keyner noted that SBM had replaced a large part of its senior management within a very short period of time. He called it a feat in itself that the Company had continued to function well. He noted that the bidding procedures had been tightened and that SBM is more critical about risk and returns on new projects. He asked (second question) to what extent this limited the company in

bidding on new projects and to what extent future growth is impeded by this more critical and pessimistic view.

**Mr Chabas** noted (first question) that it is important to look at the broader picture. The principal reason for the problem with the Yme project was that SBM wanted to do something it did not have experience in. The Yme project is completely different from an FPSO. What is more, a few years ago the company did not realise the kind of growth it was experiencing and the management structure was not geared to it. SBM is now focusing on the FPSOs which it knows well and knows how to deal with. SBM will also review the accountability in the performance of projects. The people must be involved with the project from start to delivery. SBM now makes sure that it has far more information about the project before it tenders a bid. Proper focus ensures that SBM can preclude large risks. Mr Chabas noted (second question) that the more critical approach can indeed limit SBM (the previously mentioned Petrobras project is a good example of this). SBM has made it clear to the sector that there are risks it does not wish to assume unless it is properly compensated. The oil industry has a great deal of knowledge and it has access to the FPSO market, but at the same time it has embarked on new things over the past twenty years whereby they rely on suppliers such as SBM. SBM will have to develop a new working relationship with the oil companies. This may mean that SBM will not put in a bid for some projects because the terms are unacceptable. SBM would like to acquire good projects in order to generate good returns.

**Mr Heinemann** asked (first question) in what ways the Yme project in Norway was different from the other projects. Was it one aspect that went wrong resulting in a chain reaction of other adverse consequences or were there more aspects. He asked (second question) whether other offshore companies could have completed the project in Norway satisfactorily because they might have more technical experience or did SBM lack the specific knowledge to be able to handle the project. His final question (third question) was if the client had cancelled the entire project.

**Mr Chabas** noted (first question) that the Yme Project was awarded in 2006. It was a MOPU project, a Mobile Offshore Production Unit, that SBM had not previously executed. In that period SBM went through a period of considerable growth and it lacked sufficient capacity. This was not sufficiently recognised. SBM was working with a construction yard in the Middle-East that it had not previously worked with, on a product that it had no previous experience of. Had the Yme project been an FPSO project, SBM would have identified the problem sooner, simply because SBM knows more about

FPSOs. SBM can avoid such situations by focusing on what it does well, by making sure that the people who are putting in the bid are communicating well, that there are clear responsibilities and by making sure that the project can be carried out according to SBM standards.

**The Chairman** answered (second question) that it is difficult to speculate about how a rival company of SBM would have carried out the project in Norway. As Mr Chabas noted, the project was very different from SBM's previous projects. In the growth strategy at that time SBM was convinced that it had the requisite project experience to successfully complete the project. SBM did indeed fail to identify certain things, such as Mr Chabas's comment about the construction yard and the more stringent rules in Norway where SBM had not previously operated. The Chairman answered (third question) that it ought to be Talisman and the State of Norway to decide whether and how they will develop this field. For SBM this was closed with a contractual solution.

**Mr Van Riet** asked (first question) how the Management Board and the Supervisory Board could agree with a situation where there was no common view prior to starting on such projects. He asked (second question) whether a structure could be set up per project to protect the parent company. Finally, Mr Van Riet asked (third question) whether Petrobras was not paying for the conversion.

**Mr Chabas** answered (first question) that the company structure used to be organised quite differently. The Execution Centre had the designers but not the personnel for the entire project. That model worked when SBM had one or two projects in its portfolio but it is not the right organisational structure for SBM in its current form. Under the new organisational structure every execution centre is responsible for the entire project and not just a small part of it.

**Mr Van Rossum** answered (second question) that the financiers require that the organisation guaranteeing the projects is financially strong. The organisation has a few companies that are able to issue that kind of guarantee. Within the organisation there are the N.V. (public limited company), some engineering companies and some companies holding the assets, vessels and fleet. Those companies act as guarantor for the group's activities. Projects cannot therefore be set up at arm's length in the project stage in such a way that they bear their own risk so that if something goes wrong the group as such would be protected. SBM can only really do this if it does not take out loans. Mr Van Rossum explained (third question) that the conversion involved existing oil tankers, VLCCs, Very Large Crude Carriers, which are converted in production and offloading by adding process

facilities after which the vessels can embark on a second life as an FPSO. Mr Chabas's comment referred to the Cidade de Anchieta, an FPSO that was already being used by Petrobras. It was converted and prepared for a new life. After a, sometimes, long period (10 to 15 years) those installations reach the end of their life. If the vessel is being re-used as an FPSO, it must return to the quay, the topsides and, the process facilities have to be removed and new ones have to be installed. That costs a great deal of time and money, but it does produce a new vessel that is good for another twenty years.

**Mr Dirkse** asked (first question) about the influence of the Cyprus situation on SBM. Mr Chabas noted in his presentation that one thousand people had worked at the construction yard in China without risk of accidents. He asked (second question) whether this means that this construction yard will do more work for SBM in the future. He noted that deep water is increasingly important to SBM. He asked (third question) to what extent the fact that the Brazilian market (where most of the deep water occurs) will demand more local content will pose an increasing problem to SBM. Mr Dirkse noted that patents will expire in time. He asked (fourth question) whether SBM can maintain sufficient patents. He noted that in developing countries in particular there is the risk they will take over the job themselves, and rightly so from their perspective.

**Mr Van Rossum** answered in relation to the first question that two SBM entities are registered in Cyprus of which one is inactive and the other is never used. Mr Van Rossum answered (fourth question) that SBM is constantly engaged in operating at the forefront of technological developments. SBM extends its patents where possible and replaces them where necessary.

**Mr Chabas** noted (second question) in relation to the construction yard that SBM (in general) deals with the yard in the same manner it deals with all of its suppliers and clients. If SBM is satisfied with the work they do and their productivity is good, SBM will strive to continue working with them and to further develop the collaboration. Mr Chabas replied (third question) that, in order to be successful in the markets in which it operates, SBM must carry out a certain part of the project locally. In the Alpha and Beta project and the Cidade de Ilhabela project, SBM has to carry out a certain part in Brazil in line with the agreement made with Petrobras.

**Mr Dekker** noted that he was surprised that new problems had arisen at the end of 2012 with regard to the piping of the Deep Panuke platform. He asked (first question) how this was caused. He noted

that he felt that an important bottleneck was the availability of well-functioning construction yard capacity in the SBM sector. In that regard he pointed to the example of the fairly long relationship with Keppel; not a cheap construction yard but a construction yard SBM could generally rely on. He asked (second question) about the possibility of new projects with Keppel. He noted that Chinese construction yards were highly different in terms of quality. He asked whether SBM had a good grip on the kind of steel used, whether enough good welders were available, both in terms of quality and quantity and whether SBM had sufficient energy and capabilities to monitor such a Chinese construction project very closely. Mr Dekker then asked (third question) whether more could be said about the sale of the existing office facilities in Monaco and the expected cash proceeds therefrom. Finally, Mr Dekker noted (fourth comment) that for 2013 the expected cash flow positioning could be highly relevant because SBM was dealing with losses some of which had been recorded and cash flows that actually emerge in 2013 such as the settlement with the Canadians.

**Mr Chabas** noted (first question) that in the Deep Panuke case SBM had entrusted the construction to a construction yard and that probably, but this is speculation in hindsight, the quality monitoring of the construction yard left something to be desired. Occasionally, costs still crop up in relation to Deep Panuke. That is a result from the past. Mr Chabas noted (second question) that it was not so much a problem with the capacity of the construction yards but more with the personnel. A lot of people were hired in 1980 but thereafter hardly anyone was taken on for the next ten years, meaning that a generation of people of almost sixty or over sixty are now up for retirement. There is also a group of people of around forty and a group of new people of around thirty. That is rather a gap. SBM has to diversify in terms of its suppliers. In China the company spent more than 18 months choosing a good construction yard with a good safety record, with the right people, with the right capacities. SBM has now been able to conclude that the construction yard performed well.

**Mr Van Rossum** noted (third question) that the sale (with leaseback) of the real estate does not mean that SBM is leaving Monaco. SBM announced this on presenting its half-yearly results in 2012. In the second half of 2012 it completed the sale of GustoMSC and of the Dynamic Installer, a support vessel that jointly generated proceeds of slightly over USD 200 Million . The total sale proceeds were estimated to be around USD 400 Million . SBM is now more than halfway there. What remains in the portfolio and what has been included in the balance sheet as assets for sale is the real estate in Monaco and some of the goodwill for a technology that is called 'cool hose'. Together this should generate proceeds of approximately USD 200 Million . The real estate in Monaco is a 11,000 square

metres gross surface area. That is quite significant. These kinds of transactions are rare in that environment. The process is now being handled by two real estate agents, an international and a local agent. There is sufficient interest from international and local parties to look into this more closely and to perform a due diligence. SBM hopes that by the time of the half-yearly report it will be able to say more about this. Mr Van Rossum noted (fourth comment) that SBM has to report under IFRS and that more leases are moving towards finance leases. This is no longer really leasing. If the majority of the value of the leased object goes to the tenant, it actually becomes some sort of a hire-purchase. In other words, in that case one sells the product and adds some financing which has huge consequences for the manner in which it is reported. SBM is now trying to provide more information on the underlying cash flows. In its press release of 14 February and the annual report SBM provides, for example, a break-down of the backlog, the order portfolio and all this is broken down into 2013, 2014 and 2015, both in terms of what the Company expects to generate in terms of sales and on a cash flow basis. There is a considerable difference between the two. The cash flow, certainly looking to the next few years, has been undervalued within the total order portfolio on a sales basis by approximately USD 2 Billion. In other words, if SBM simply performs the existing contracts it will receive USD 2 Billion more in cash than the profit and loss account will record. Moreover, SBM is at the very start of applying finance lease contracts. Mr Dekker's question is therefore extremely relevant and SBM will be paying more attention to this over the next few years. The cash flow is much more important to the shareholders than the profit, that can be determined based on the IFRS rules, but which does not always lead to direct cash flows. It is also important for SBM that, when it concludes a finance lease contract, according to IFRS accounting rules in the years that SBM is in fact building the product, the project is fully entered in the profit and loss account, meaning that the profit is for the most part booked before SBM has even invoiced a month's rent. According to the dividend policy, the company would therefore already have to pay half of that profit in the form of a dividend before cash flow has even begun. The board feels that this is not very responsible and on that basis would like to have a closer look at the implications of this IFRS rule, how it can better provide shareholders with information and how it can align its dividend policy with realised, actually collected profit rather than book profit.

**Mr Nabble** (*investment study club*) complimented SBM on its annual report and asked if the annual report could be made slightly more concise by removing repetitions. He noted that it was striking, if not premature, to say at this early stage that no dividend will be paid over the current year. Given the variety of uncertain factors, he noted that it would be more prudent and elegant in relation to

the shareholders to review the dividend policy at the end of the current year, especially if the board is to reassess the entire policy on account of the fact that the cash flows differ from the profit.

**Mr Van Rossum** noted that at item 8 on the agenda the shareholders would vote on the rights issue and that the Management Board thought it sensible to give a preliminary indication to the current shareholders that it would not pay a dividend over 2013. This is because of the combination of write-downs, provisions and the settlement with Talisman which hit the Company's equity at a rate of approximately USD 2 Billion. The Company's solvency has to improve. Booking and entering profit into the equity from finance lease contracts, while they still have to be invoiced, is fairly aggressive. In order to compensate for this the Company's equity must improve. In this context it is fair to tell existing shareholders, and possible new ones who will become shareholders by buying rights, that the Management Board and the Supervisory Board attach importance to a strong balance sheet and that no dividend will therefore be paid over 2013.

**Mr Keyner** asked if SBM had to drop out of tenders for major projects in 2012 because the balance sheet was deemed to be too weak, in relative terms, and as a result had to miss out on business.

**Mr Van Rossum** answered that this was not the case.

**Mr Dekker** expressed his great appreciation of the contents of the annual report and said that it did not contain too much unnecessary information. He noted that shareholders in this Company are used to good annual reports. He thanked Mr Chabas in particular for reaching a costly but, in view of the circumstances, the best possible settlement under extremely difficult circumstances. He also appreciated the fact that Mr Chabas did not raise false expectations and always made it clear that this was an open-ended situation that was difficult to predict until the settlement had been reached. He asked (first question) how well SBM was managing to control the Paenal construction yard in Angola in technical terms given that there are no construction yards left, e.g. in the Netherlands, to provide the technical support needed to ensure the proper survival of such a yard and ensure that the considerable expansion there is a manageable process. He expressed his concerns about the possibility that one of the key objectives of a couple of years ago, LNG, would become far more difficult. He asked (second question) for comments in that regard on the strategic policy and the expectations for the next two years in the field of LNG offshore projects.

**Mr Chabas** noted (first question) in relation to the construction yard in Angola, that SBM does not really exploit construction yards, but adds local content to ensure the successful completion of the project. In Angola SBM is involved at Paenal in setting up and expanding that construction yard and Daewoo is the specialist there that is contributing technical know-how. SBM had to train local employees to bring the competences in line with SBM's requirements. The first step in the project is now being completed with the quality and safety requirements that SBM advocates. It is a long process, but it is the only way to become successful in Brazil or Angola too.

**The Chairman** noted (second question) that the major oil companies were the driving force behind the LNG projects. On the other hand, LNG projects require a very substantial investment that must be closely reviewed. SBM participates in Shell's LNG project Prelude. SBM's part in this project is considerable for SBM, but of relatively limited significance in terms of the entire project. In this way SBM processes products that are related to FPSOs in LNG projects and at the same time is able to broaden its knowledge and experience.

**The Chairman** announced that 61 shareholders were present at the meeting and that they were jointly authorised to cast 105,405,094 votes and that 55.7% of the total issued share capital was present.

### **3. Report of the Supervisory Board and of its sub-committees for the financial year 2012 (information)**

**The Chairman** said that, as is stated in the letter from the Supervisory Board in the annual report (page 20 et seq.), in the past year the Supervisory Board had in a number of formal, normally scheduled meetings, a number of ad hoc meetings, telephone conferences and in informal consultations, exercised supervision over the developments within SBM and the activities of group companies in the year under review. The various topics that came up in 2012 at the meetings of the Supervisory Board with the newly composed Management Board are mentioned in detail (page 26 of the annual report).

**The Chairman** already referred to the depreciations and provisions relating to the Yme project in particular. In a press release of April 2012 reference was made to sales practices that may have been inappropriate and this was dealt with by the General Meeting of Shareholders of 2012. The Company issued a press release about this on 28 March 2013 reporting on the progress of the internal

investigation. This internal investigation is being headed by Mr Hepkema of the Management Board, who is being assisted by specialist lawyers and forensic accountants. The internal investigation is still ongoing and is expected to be completed in the course of 2013.

The Supervisory Board receives support from three committees, the Audit Committee, the Appointment and Remuneration Committee and the Technical and Commercial Committee. They dealt with the topics assigned to them in detail and made recommendations that the Supervisory Board incorporated in its decision making. The report of the Audit Committee can be found on page 27, that of the Appointment and Remuneration Committee on page 28 and that of the Technical & Commercial Committee on page 29 of the annual report.

**The Chairman** noted that an external consultant had evaluated the performance of the Supervisory Board and of the three committees and that this process was described on page 29 of the annual report. Mr Van Gelder who was unfortunately unable to attend due to personal circumstances and whose term of office would end at this General Meeting of Shareholders had decided not to stand for re-election. On behalf of the entire Supervisory Board, the Chairman thanked Mr Van Gelder for his contribution to the Supervisory Board and to SBM.

**Mr Keyner** noted that the Supervisory Board should essentially supervise the Management Board and ensure that the next generation of directors is ready should the CEO or CFO withdraw. The Audit Committee in particular must closely supervise the audit mechanisms within the Company. Mr Keyner noted that he had to conclude that the Supervisory Board had done an excellent job in the past year, but that his dilemma was that it had evidently failed in its supervision of essential points in previous years. He asked the Chairman how he saw the role of the Supervisory Board, in particular that of himself, when the wrong decisions may have been taken in the past, supervision may not have been sufficient and the strategy may have been interpreted too loosely.

**The Chairman** noted that seven or eight years ago SBM was a highly successful company. Ultimately the question is indeed whether a Supervisory Board is willing to react when it sees that things are getting out of hand. The Chairman noted that the Supervisory Board demonstrated that it was able to react.

**Mr Keyner** noted that he can imagine that SBM, in its urge to innovate and grow, is looking for new markets and that this generates more risk. He noted that the Supervisory Board will always have to take its role seriously in order to prepare the next generation of directors for the management of the Company. He asked if the Supervisory Board had done its job properly in that area.

**The Chairman** stated that SBM has an identification system so that it knows where its best resources are, how to develop these further and how to react, when this is necessary.

**Ms Lindeman** (*MN Services, Robeco and pension funds for graphic design companies*) asked why Mr. Miles, the former CFO, had received a bonus for 2012 (first question). She noted that the report stated that in 2012 the company performance criteria for the short-term bonus had not been met, but that it did not provide any information about the personal targets of the members of the Management Board. She asked (second question) for an explanation of this. She noted that the report for 2012 reported on the bonus for 2011 but not for 2012. However, the annual reports of other AEX companies reported on the bonus for the past year. She asked (third question) the Supervisory Board to include reporting of this in the coming financial year. Finally, Ms Lindeman asked (fourth question) for more information about the conclusions drawn and follow-up steps decided on in the Supervisory Board's self-evaluation process. She noted that in future reports it would be important to devote more attention to this aspect from the preceding year as well.

**Mr Gugen** said (first question) that Mr Miles' remuneration was part of the remuneration policy that had been approved by the General Meeting of Shareholders. This was related to the company's performance and Mr Miles' individual performance. Mr Miles had left the company in mid-2012 and, after resigning from the Management Board at the beginning of May 2012, had been so kind as to stay on as CFO and carry out a number of additional tasks so that Mr Van Rossum, the new CFO, would be in a position to perform his duties. Mr Miles carried out these tasks very well and, as a result, the transition process to the new CFO was very smooth. Regarding the second question about reporting on individual performance in a specific year, the annual report stated that this was not at all related to the company's performance, simply because the company had not done very well. The mechanism for calculating the bonus therefore had much to do with the performance of individuals, and individuals perform differently. Regarding the Yme project, some individuals had done well and others had done less well. The Supervisory Board is looking into whether matters can be disclosed publicly without creating conflicts with clients. The Supervisory Board understands that there is a

need for as much information as possible, so that shareholders can see that the Supervisory Board does indeed reward people for what they do. As to the reporting on the bonus for 2011 but not that for 2012 (third question), Mr Gugen said that the reason for this was that some criteria had only later become clear. The Supervisory Board would try to speed up reporting in future.

**The Chairman** indicated (fourth question) that the self-evaluation was not carried out in the same way as the year before because the Supervisory Board had hired an external organisation to carry it out. This had shown that work had been harmonious and that the Supervisory Board had encountered very difficult situations. This evaluation is a good idea for providing structure, for really bringing up issues and for truly discussing them. The members of the Supervisory Board appreciated being given the opportunity to have a structured discussion among themselves. A few important elements had been brought up which the Supervisory Board will have to examine. One of these elements was the concern that, because of the problems at SBM, the Supervisory Board had become too executive in its dealings. An important conclusion was that the Supervisory Board had to examine how to regain a better balance between the real responsibilities of the Supervisory Board and the executive responsibilities of the Management Board. Another issue that had emerged was the communication between the members of the Supervisory Board. In addition, the evaluation also dealt with planning the succession. Specifically, who would have to be ready to succeed the chairman of the Supervisory Board in two years' time? The evaluation discussed this in detail and drew conclusions in this regard. Finally, certain members of the Supervisory Board noted that they could apply their experience better.

**Mr Dirkse** asked (first question) which external agency had advised the Supervisory Board with regard to the self-evaluation. He asked (second question) whether the Supervisory Board also used this agency for other activities.

**The Chairman** answered that the agency used was Egon Zehnder (first question), which had a great deal of experience in such evaluations. This agency had also dealt with recruiting matters for the Board of Management (second question). Together with Egon Zehnder, the Supervisory Board had investigated the recruiting of the CFO.

#### **4. Annual Accounts 2012: adoption of the Annual Accounts (*resolution*)**

**The Chairman** said that the accounting principles for drawing up the consolidated annual accounts, the consolidated balance sheet and profit and loss statement, the consolidated cash flow, the notes to the consolidated financial statements and the other information were set out in the annual report 2012 (pages 116 to 215). The annual accounts of 2012 were audited by KPMG Accountants N.V. The unqualified opinion was included (pages 215 and 216 of the report). A copy of the annual report, signed by the Supervisory Board, the Management Board and the external auditor, was available in the meeting room and can be obtained from the Company Secretary. In accordance with Article 28 of the Articles of Association, the financial statements were approved by the Supervisory Board and were now presented for adoption by this meeting.

**The Chairman** said that SBM, along with other listed companies, had received a letter from the Dutch Securities Holders Association (*Vereniging van Effectenbezitters (VEB)*) requesting a detailed explanation at the General Meeting of Shareholders from the external auditor regarding the audit of the annual accounts and the annual report, including the risk section. The Chairman said that he was happy to entertain this request and gave the floor to Mr Smorenburg, on behalf of KPMG Accountants N.V.

**Mr Smorenburg** said that as a partner at KPMG Accountants N.V. he had ultimate responsibility for auditing the annual accounts of SBM N.V. for 2012, and that he wished to give a brief explanation of the audit process and the matters that KPMG had felt to be the most important in the previous year.

#### **The procedure**

**Mr Smorenburg** emphasised the responsibilities involved in the process of preparing the annual accounts. The Management Board prepares the annual accounts and is responsible for their content. The Supervisory Board co-signs the annual accounts and it is KPMG's role to perform an independent audit. It is ultimately the exclusive responsibility of the shareholders' meeting to adopt the annual accounts. The statutory framework within which KPMG operates is on the one hand the rules for preparing the annual accounts as set out in Title 9 of the Dutch Civil Code ("**DCC**") and, on the other, the IFRS rules, the International Financial Reporting Standards, which contain detailed regulations for preparing annual accounts. KPMG performs the audit in accordance with the conditions and regulations of the Netherlands Institute of Chartered Accountants (Nederlandse Beroepsorganisatie van Accountants, (NBA) and, in accordance with these regulations, KPMG must structure its audit in such a way that it can be reasonably certain that the annual accounts do not contain any errors of

material significance. Finally, KPMG then issues its auditor's report (pages 215 and 216). In this report KPMG states that as a whole the annual accounts give a true and fair view. This means that KPMG does not issue a report for each individual figure but rather issues an opinion on the annual accounts, stating that taken as a whole, they give a true and fair view of the results for the year under review. In the autumn KPMG begins work on the interim audit in which it mainly examines processes and the manner in which internal assurance procedures have enabled gaining a true and fair view of the financial situation. The audit of the balance sheet starts in December and is completed in January and February. Here KPMG mainly looks at the bottom line figures of the annual accounts and all the explanatory notes to them.

### **The Management report**

**Mr Smorenburg** said that it was KPMG's responsibility to examine whether the view created by the management report (from page 45) is compatible with KPMG's findings from its audit and the financials. KPMG is not engaged to audit the management report, nor is this prescribed by law. KPMG also determines whether a number of specific elements have been included including the Dutch Corporate Governance Code. It says something about the risk section as well as, for example, a number of matters set out in the European Takeover Directive. KPMG determines whether these have been included.

### **The procedure used at SBM**

**Mr Smorenburg** explained two elements of KPMG's method. SBM has a number of execution centres around the world and, together with a central team from the Netherlands, KPMG performs a central audit of Schiedam, the Netherlands, as well as of the execution centres in Kuala Lumpur, Houston and Monaco and the Treasury Centre in Marly. KPMG has visited these entities in previous years. Another aspect, which applies to most companies, is their IT systems. Automation is an important aspect at SBM and KPMG permanently has a number of IT accountants or EDP auditors in the team that mainly examine the reliability and continuity of the electronic data processing.

### **Areas of focus at SBM**

**Mr Smorenburg** listed four areas which KPMG focuses on in auditing SBM. The first is revenue recognition. When projects are being carried out, new situations can arise every day. This inherently involves a greater measure of uncertainty and KPMG chooses the areas of focus on the basis of a risk assessment, expected complexity or the probability of errors occurring. KPMG has classified revenue

recognition as one of the elements to which it will pay extra attention; this mainly concerns the profit in relation to progress of the construction. KPMG pays extra attention to the uncertainties about the expected costs, progress of the construction, any additional costs to be expected and additional revenue that can be negotiated with the client. A second focus in auditing SBM is leasing. SBM is a leasing company. There are a number of current leases and new leases are concluded or renewed every year. This means that KPMG critically assesses the characteristics of every new lease that is concluded and determines whether it is a finance lease or an operating lease. In this regard the reporting in fact remains the same for ten or fifteen years. KPMG mainly examines the characteristics of new and renewed leases. The third focus in auditing SBM is the impairment test. In 2012 KPMG devoted a great deal of attention to the valuation of the projects that were listed on the balance sheet under fixed assets or property, plant and equipment. These include the FPSOs that are leased to clients but are classified as operating leases. The question is always whether the investment in these FPSOs is earned back, i.e. an impairment test. For standard leases for which arrangements have been made about the term of the lease and which are regularly paid, this is generally not an issue. However, where there is a problem (and the Yme project is one) KPMG examined the earn-back capacity. KPMG also does this during the year and KPMG eventually endorses the write-down that was made at the end of the year. However, KPMG also examined the write-down recorded for Deep Panuke for an amount of USD 29 Million. The fourth and last focus applied in auditing SBM is that KPMG paid extra attention to the provision for the decommissioning and the settlement with Talisman. KPMG assessed this in light of the insights it had at the end of last year. An amount of USD 200 Million was then recognised and, eventually, in March 2013, a settlement was reached. The balance will be recognised in 2013.

#### **Communication with the Audit Committee**

**Mr Smorenburg** said that KPMG, in its consultations with the Supervisory Directors, attends almost all Audit Committee meetings. At least four times a year KPMG discusses all findings in the Audit Committee. KPMG discusses the management letter and, at the end of the year, the annual accounts, KPMG's report to the Supervisory Directors and the audit report. A number of times a year there is a private session without the Management Board attending in which KPMG is able to speak exclusively to Supervisory Directors about matters that KPMG considers important.

**Mr Keyner** said that in his experience this was the first time the auditor had given an answer without a question having been asked. He noted that the auditor's notes provided a good description of the

procedure and that he had two other questions. He asked (first question) whether the Management Board and the external auditor considered SBM as a company that likes to report matters rather cautiously, i.e. somewhat pessimistically, is neutral or has an optimistic view of the future. He noted that this can all be in accordance with the IFRS but that even the IFRS has a big grey area. Mr Keyner said that in the beginning it had been noted that the indication was given that a more centralised approach would be taken. He asked (second question) whether he was correct in assuming that, regarding finances, there was a more direct steering by head office than a few years ago.

**Mr Van Rossum** said, in response to the first question, that there is a grey area between optimism and pessimism. In the middle of this grey area there is realism, which is what SBM would like to focus on. For example, under IFRS accounting standards, it is possible to book profit on turnkey sale projects, projects that SBM genuinely sells to third parties or projects that are internally transferred to an SBM company which leases them to the client, in other words financial lease projects. As early as 2011 SBM decided that a project can only start recognising profit when over 25% of it has been completed. SBM is rather unique in this regard and clearly far more conservative than the rest of the industry. Once this 25% has been reached, most of the engineering work has been done. SBM can then gain a better view of the profit that can be earned on such a project. Mr Van Rossum said that he considered the financial lease accounting under IFRS as rather aggressive for a company like SBM. This did not mean that SBM wants to ignore IFRS, but it does mean that the Management Board needs to reflect on what additional information needs to be provided to the shareholders to enable them gaining a better understanding of the company's underlying strength. The Management Board is committed to doing this. Mr Van Rossum said (second question) that the project control organisation, which comprises the cost controllers and project controllers, now reports to the group controller on financial matters. The Management Board considered this important because the four-eyes principle was exercised more extensively. There was a process for issuing a new accounting manual. Financial reports on projects were streamlined in 2012, with far more attention being given to the economic rationale of projects and not only the statutory responsibilities of the relevant organisations. A huge turn-around was achieved. Other measures have yet to be taken, but all in all the provision of information based on a single unique template is something that is now clearly understood within the organisation.

**Mr Smorenburg** said that IFRS accounting standards require a realistic view must be given and that the economic reality of the activities and transactions be fairly represented. It is a fact that there is

always some latitude with this because of uncertainties and assessments. The need to be cautious with the first 25% of projects is included in so many words in the IFRS standards because of the greater degree of uncertainty. KPMG considers that this is in accordance with IFRS standards and is a correct application of them. In the end it is KPMG's opinion that the annual accounts as a whole provide a true and fair view of the consolidated results of the company's results and the equity over the previous year.

**Mr Dekker** would like (i) to have seen a reservation in the audit opinion for the assessments of the Yme project, with the addition that these assessments were made in reasonableness having regard to the fact that another substantial loss was taken so shortly afterwards in 2013, and (ii) in the future to see a reservation for matters that could come to light in the 'bribery investigation'.

**The Chairman** said that he did not wish to respond to this in detail, but that he agreed with it.

**Mr Broenink** noted that, like Imtech, SBM had operations all over the world. He asked what measures SBM was taking to prevent the company from finding itself in similar situations or whether SBM perhaps already was in a kind of an Imtech-like situation.

**Mr Hepkema** said that much was being done to prevent SBM from finding itself in such situations. Like Imtech, SBM was a company that existed on projects. Within these projects SBM tries to implement checks that enable the company to gain an idea of what is happening elsewhere in the world. In addition, SBM also seeks contractual protection for its projects. SBM has a compliance programme which should ensure that projects are carried out in accordance with applicable laws and regulations.

**Mr Dirkse** said that it could be difficult to evaluate projects, particularly where technology was concerned. He asked (first question) whether the KPMG team had any technical expertise. He noted that SBM used to have an organisational structure in which many companies had a certain degree of independence, which was also reflected in their name. The Management Board had made efforts to centralise this. He asked (second question) whether this meant that earlier IT systems could not be linked up with one another. He asked whether there was a central software system and what system it was.

**Mr Smorenburg** said in response to the first question about the KPMG team make-up that in putting teams together careful attention was given to including people with the right knowledge and experience, with the main emphasis being on articulating the financial consequences of technical reports. KPMG did not base its work solely on technicians, but also looked for evidence of control through, for example, the legal department and on the financial side.

**Mr Van Rossum** said (second question) that SBM had a reasonable number of IT systems. SBM has set up a team that in the next two years will look at the information streams, what systems are required and how information can be accessed rapidly. This is only possible if the correct information is recorded just once. It was the desire and ambition of every CFO to bring about improvements in matters of this sort, which doesn't mean that SBM's systems don't work or are not good. Before SBM decides which system it is going to use, the company first needs to find out what is necessary. The bottom line is that SBM is an organisation with 17 FPSOs and ten big projects, for which no there is no need for terribly expensive and complex IT systems.

**Mr Van Riet** asked whether the auditor looks at leases and renewals before or during the redaction of contracts and controls the CFO before the lease is concluded.

**Mr Van Rossum** said that when concluding a lease it is extremely important to make a proper assessment of whether it is an operating lease or a finance lease. Discussions about this take place between the auditor, the accountant and the Management Board.

**The Chairman** put the proposal to a vote and determined that the proposal was adopted with 105,308,621 votes in favour.

## **5. Discharge:**

### **5.1 Discharge of the Managing Directors for their management during 2012 (*resolution*)**

**The Chairman** noted that although the Company had suffered a loss in 2012, it was appropriate to grant discharge. The net loss for 2012 was the result of impairment charges and a provision for settlement expenses which were mainly related to the Yme project and were included in the arrangements made with the client by way of final solution, as announced on 19 February 2013. The

Management Board took appropriate actions and was able to raise capital with the private placement of 20 December 2012, which in turn enabled the rights issue which is submitted for the approval of the shareholders later on in this General Meeting of Shareholders.

**The Chairman put the proposal to a vote and determined that the proposal was adopted with 104,578,076 votes in favour.**

## **5.2 Discharge of the Supervisory Directors for the supervision during 2012 (*resolution*)**

**The Chairman** noted that although the Company had suffered a loss in 2012, it was appropriate to grant discharge. In the course of the year under review the Supervisory Board had conducted its supervision either directly or through its Audit Committee, the Technical and Commercial Committee and the Appointment and Remuneration Committee. Aside from regular, scheduled meetings, it held a number of additional meetings and teleconferences which focused on the developments referred to in paragraph 5.1.

**The Chairman put the proposal to a vote and determined that the proposal had been adopted with 104,467,458 votes in favour.**

## **6. Corporate governance: summary of the Corporate Governance policy (*information*)**

**The Chairman** referred to the Corporate Governance chapter in the annual report for 2012 (pp. 63-76), containing an explanation of Corporate Governance policy based on the Best Practices of the Dutch Corporate Governance Code, and to chapter 3.6 (pp. 77-78) which deals with Risk Management and describes the foremost risks and the structure of internal and external assurance.

The appointment of Mr Hepkema as member of the Management Board meant that there was temporary non-compliance with the Dutch Corporate Governance Code because Mr Hepkema was Chairman of the Supervisory Board of Wavin, a listed company, after Mexichem succeeded in its public bid for the de-listing. Since this de-listing the situation of non-compliance no longer applies and SBM is again fully compliant with the Code.

## **7. Appointment of accountant: information about the process of selection and appointment of the external auditor in 2014 (*information*)**

**The Chairman** stated that at the General Meeting of Shareholders of 2012 KPMG Accountants N.V. had been reappointed as the external accountant until the closing of financial year 2013. In anticipation of the coming into force of the Accountancy Profession Act (*Wet op het accountantsberoep*), the Management Board intended to commence a selection process in the course of 2013 with a view to putting a proposal to the 2014 General Meeting of Shareholders for the appointment of a new external auditor.

**Mr Heinemann** asked (first question) whether a new auditor would be provided with information on the working papers. He noted that the number of hours, travel and accommodation expenses and the demands made on the workforce would increase and asked (second question) what the company's position was on this.

**Mr Van Rossum** said that under the new legislation SBM had to appoint a new auditor every eight years. This meant that SBM was no longer able to choose KPMG Accountants N.V. as its new auditor. SBM would select the new auditor based on a process of both qualitative and quantitative elements. SBM would certainly examine the costs and proposals and compare them. SBM would then propose the new auditor to the annual meeting in 2014. Regarding the first question on the handover from KPMG to the new auditor, Mr Van Rossum said that the two accounting firms would have to consult with one another. He said that he assumed that the handover would be conducted in a professional way and that it would therefore be completed smoothly. In response to Mr Heinemann's second question, he said that he would keep a close eye on the costs involved.

## **8. Authorisation to issue ordinary shares and to restrict or preclude pre-emption rights in connection with the proposed Rights Offering:**

**8.1 Designation of the Management Board as the corporate body authorised– subject to the approval of the Supervisory Board –to issue ordinary shares and to grant rights to subscribe for ordinary shares as provided for in article 4 of the Company's Articles of Association in connection with the proposed Rights Offering for a period of 9 months (*resolution*)**

**The Chairman** said that in accordance with Article 4 of the Company's Articles of Association, the meeting would be asked to authorise the Management Board as the corporate body authorised subject to the approval of the Supervisory Board – to issue ordinary shares and to grant rights to subscribe for ordinary shares, in connection with the proposed Rights Offering for a period of 9 months on the conditions set out in the press release of 20 December 2012, the explanation to this agenda item and the shareholders' circular of 12 March 2013. Mr Van Etten of ABN AMRO was present to answer questions about this agenda item. The Rights Offering related to the issue to existing shareholders of tradable Rights to subscribe to 18,914,221 new, ordinary shares in the Company's capital. This Rights Offering was entirely underwritten by HAL Investments B.V., which meant that Rights not exercised by existing shareholders - either because they were not entitled to exercise these Rights under the applicable legislation in their country or because they did not wish to exercise these Rights - would be assumed and exercised by HAL. Without a resolution approving this agenda item 8.1 and the next agenda item 8.2, the proposed Rights Offering could not take place. He said that Mr Van Rossum would give a detailed explanation of the various aspects of the Rights Offering.

**Mr Van Rossum** gave an explanation of and background information on the Rights Offering and the previous private placement of shares on 20 December 2012. This placement was made within the authorisation granted by the General Meeting of Shareholders in 2012. In December 2012 SBM announced its expectation that the Yme platform in the North Sea would not be completed, which would result in an impairment having to be made (USD 400 Million ) and, furthermore, that SBM would have to make a provision of USD 200 Million for settlement expenses. These charges therefore totalled USD 600 Million . Given the impact on the company's equity, the Management Board concluded that it might not be able to satisfy the covenants of the revolving credit facility, the bank facility. It was therefore important for the Company, when making the announcement, to be able to say that it had raised additional capital by using the private placement facility as approved by the general meeting of shareholders. In the process agreement was eventually reached with HAL. SBM was extremely happy to have found in HAL a strategic investor that believed in the company's future and that was also prepared to do a unique deal with SBM. HAL Investments had come in at EUR 8.50 a share, with the agreement that if a solution to the Yme problem were to be found within the framework announced to the market, with an impairment of USD 400 Million and settlement costs of USD 200 Million , that share price of EUR 8.50 would be raised to EUR 11.00. SBM did not entirely remain within that USD 200 Million limit. HAL's contribution was adjusted pro rata and

eventually ended up at EUR 10.07 on the basis of last Thursday's dollar exchange rate. On 12 March 2013 SBM announced that HAL's contribution of USD 27 Million had been made. SBM felt that it was reasonable and good for its equity if this private placement were to be followed by a Rights Offering in which the existing shareholders were given a chance to come in at the same price level as HAL had been able to do. This proposal would now be submitted for the approval of the shareholders.

**Mr Van Rossum** said that if the meeting decided to approve this proposal, a press release announcing the Rights Offering would be issued on 3 April. The AFM approval of the prospectus has already been obtained. The registration date is 3 April, at the end of the day. The rights will be admitted to Euronext. The trading in Rights will end after two weeks, on 16 April. The exercise period will end on 17 April, by which time it will be known what proportion has not been called in and what proportion will be allocated to HAL Investments, which in the meantime has undertaken to subscribe the remaining shares for EUR 10.07 each. On 22 April payment will be made and the shares will start being traded on Euronext, and the company's equity will have increased by 10%. HAL has committed to vote in favour of the proposal, meaning that in any case 13.5% of the votes are in favour. The Rights Offering is guaranteed.

**Mr Van Rossum** said that the meeting would be asked for an exclusion from pre-emption rights because certain shareholders in certain countries, in particular the United States of America, Canada, Japan and Australia ("non-eligible persons") were not allowed to participate in Rights issues of this kind under the legislation applicable to them. Consequently, the meeting would be asked to limit or exclude certain pre-emption rights. The prospectus can be downloaded from the SBM or AFM websites from 3 April onwards and will also be available on a securities trading platform.

**Mr Keyner** said that HAL Investments was well known for investing in the long term and has often had great success in this regard. Mr Keyner asked whether HAL Investments had at any time indicated that it considered a mega-merger between SBM and the current Boskalis organisation desirable.

**Mr Hepkema** said that Mr Keyner would have to put that question to HAL Investments, but that SBM didn't have concrete indications to that effect.

**Mr Dirkse** said that he had noticed in the annual report that SBM had held 23 road shows. He asked (first question) whether following the General Meeting of Shareholders SBM intended holding another road show to explain to certain shareholders that a number of countries were not allowed to participate because of national restrictions. Finally, Mr Dirkse (second question) asked whether SBM had also held road shows in the southern hemisphere, or whether it was considering doing so.

**Mr Van Rossum** said (first question) that it was known that there was a chance that a rights offering would be made upon SBM's publication of the annual figures in February. Immediately thereafter, SBM put on a considerable number of road shows in Europe and North America, which devoted a great deal of attention to the Rights Offering. It was therefore unnecessary to hold another road show at this point. In recent weeks SBM had, however, telephoned the prominent major shareholders with the request that they in any case attend the General Meeting of Shareholders to ensure that their vote would not be lost because it was of course important for SBM to obtain approval for this Rights Offering. Mr Van Rossum said (second question) that the foremost shareholdings were in Canada, the United States and Europe, with the United Kingdom being particularly well represented. The UK also had a lot of brokers who were managing the funds for investors in the Far and Middle East. Latin America was much more important for SBM from a customer perspective, and SBM would have to remain visible there as a provider of FPSOs. However, with regard to share ownership itself or the investors, this was not one of the major areas of focus at this point in time.

**Mr Broenink** asked whether the Management Board now had enough money or whether it would soon be asking for a negative dividend again.

**Mr Van Rossum** said that the impairments that SBM was forced to take in 2011 and 2012 had had a major impact on the Company's equity. The private placement that SBM had made with the approval of last year's General Meeting of Shareholders and the Rights Offering that SBM was now making with the approval this General Meeting of Shareholders had given SBM a good level of solvency. The solvency limit was 25% and, with this issue, would exceed 30%. SBM wished to strengthen the balance sheet even more. This meant, indeed, that a dividend would not be distributed for 2013. SBM would not be able to issue new shares in the next six months. This limitation obviously also showed that SBM wished to protect the interests of its shareholders. The issue of shares entailed a risk of dilution.

**The Chairman put the proposal to a vote and determined that the proposal was adopted with 105,307,102 votes in favour.**

**8.2 Designation of the Management Board as the corporate body authorised – subject to the approval of the Supervisory Board – to restrict or to exclude pre-emption rights as provided for in article 6 of the Company’s Articles of Association in connection with the proposed Rights Offering for a period of 9 months (*resolution*)**

**The Chairman** said that in accordance with Article 6 of the Company's Articles of Association the meeting would be asked to designate the Management Board as the corporate body authorised - subject to the approval of the Supervisory Board - to restrict or to exclude pre-emption subscription rights in the granting of rights to subscribe for shares, in accordance with section 2:96 DCC. In keeping with the proposal in para. 8.1, the designation is limited for a period of 9 months, commencing after the approval of the proposed resolution. The Chairman noted that more than 50% of the issued shares were represented at the meeting, meaning that a simple majority of the votes cast was sufficient. The Chairman said that this agenda item was also dependent on agenda item 8.1, which the meeting had previously approved.

**The Chairman put the proposal to a vote and determined that the proposal was adopted with 104,739,448 votes in favour.**

**9. Authorisation to issue ordinary shares and to restrict or to exclude pre-emption rights:**

**9.1 Designation of the Management Board as the corporate body authorised – subject to the approval of the Supervisory Board –to issue ordinary shares and to grant rights to subscribe for ordinary shares as provided for in article 4 of the Company's Articles of Association for a period of 18 months (*resolution*)**

**The Chairman** said that in accordance with article 4 of the Company's Articles of Association, the meeting would be asked to designate the Management Board as the corporate body authorised- subject to the approval of the Supervisory Board –to issue ordinary shares and to grant rights to subscribe for ordinary shares. The power to do so was limited to 10% of the current ordinary shares

at the time of the authorisation, which percentage would be raised to 20% in the event of a merger or acquisition. This designation was also being asked to allow the Management Board to make a flexible, prompt response with regard to the financing of the Company. The period of the requested designation was 18 months, in accordance with prevailing Corporate Governance practice, commencing after the approval of the proposed resolution. The designation granted by the General Meeting of Shareholders in 2012 would hereby cease to be of effect insofar as it had not been used.

**The Chairman put the proposal to a vote and determined that the proposal was adopted with 83,858,829 votes in favour.**

**9.2 Designation of the Management Board as the corporate body authorised – subject to the approval of the Supervisory Board –to restrict or to exclude or pre-emption rights as referred to in article 6 of the Company’s Articles of Association, for the period of 18 months (*resolution*)**

**The Chairman** said that in accordance with article 6 of the Company's Articles of Association, the meeting would be asked to designate the Management Board as the corporate body authorised-subject to the approval of the Supervisory Board - to resolve to restrict or exclude pre-emption subscription rights in the granting of rights to subscribe for shares, in accordance with section 2:96 DCC. In keeping with the proposal in para. 9.1, the designation was limited to a period of 18 months, commencing after the approval of the proposed resolution. The designation granted by the General Meeting of Shareholders in 2012 would hereby cease to have effect insofar as it had not been used. The Chairman noted that more than 50% of the issued shares were represented at the meeting, meaning that a simple majority of the votes cast was sufficient.

**The Chairman put the proposal to a vote and determined that the proposal was adopted with 82,412,725 votes in favour.**

**10. Authorisation to repurchase ordinary shares: authorisation of the Management Board subject to the approval of the Supervisory Board - to repurchase the Company's own ordinary shares as specified in article 7 of the Company’s Articles of Association for a period of 18 months (*resolution*)**

**The Chairman** said that in accordance with article 7 of the Company's Articles of Association, the meeting would be asked to grant authorisation to the Management Board, subject to the approval of

the Supervisory Board and without prejudice to the provisions of Section 2:98 DCC, to acquire ordinary shares representing a maximum of 10% of the issued share capital of the Company. Authorisation would be asked for the acquisition of ordinary shares at a price per ordinary share that was between the nominal value of the ordinary shares and 110% of the average price of the ordinary shares on the stock exchanges held by NYSE Euronext Amsterdam N.V. during the five trading days prior to the acquisition. This authorisation to repurchase shares would give the Board of Management, subject to the approval of the Supervisory Board, the flexibility to comply with obligations with regard to share-related remuneration plans or otherwise. The duration of the requested authorisation was 18 months, commencing after adoption of the proposed resolution. The authorisation as granted by the General Meeting of Shareholders in 2012 would thus end.

**Mr Dekker** asked whether the Chairman could imagine that the shareholders were quite critical about the authorisation to repurchase. Mr Dekker wondered whether the Company would not be better to content itself with issuing shares in the context of remuneration plans without purchasing shares in advance. In any case he hoped that a declaration would be made that this authorisation would only be used in exceptional circumstances.

**Mr Hepkema** said that SBM could not give any undertaking about how this authorisation would be dealt with. It was, however, not logical to repurchase shares in the present situation.

**The Chairman** put the proposal to a vote and determined that the proposal was adopted with **105,270,371 votes in favour.**

## **11. Communications and questions**

**The Chairman** said that shareholders were able, amongst others, to obtain a card from the information counter, on which they could indicate whether they wished to be sent the minutes to this meeting and other information. He invited the shareholders to complete this card and to hand it in at the information counter or send it to the Company.

**Mr Keyner** asked (first question) in relation to the corruption investigation whether it was stated anywhere in the financing agreements that financing can be withdrawn or called in if and when criminal proceedings commence. Mr Keyner congratulated SBM on two new orders from Brazil. He

understood that the two orders could be processed with the current personnel. He asked (second question) to what extent more orders were necessary in the next three to four years or to what extent SBM was able to manage new orders so that they could be delivered after three, four or five years.

**Mr Hepkema** said (first question) that all of SBM's agreements include the standard, customary default clauses, one of which involves criminal prosecution.

**Mr Chabas** said (second question) that SBM did not so much look to the market because of its market share but rather focused on taking on the right sort of project in order to boost shareholder value. SBM thus had suppliers and the personnel for such projects.

**Mr Gebuys** said that the figures that the Chairman had given after the votes were numbers. He asked whether in future it would be possible to state percentages as well, in order to see what the ratios were.

**The Chairman** thanked Mr Gebuys for his comment.

## **12. Closing**

**The Chairman** noted that there were no further questions or comments. He thanked those present for coming and declared the meeting closed.